



## AGENDA REQUEST & STAFF REPORT

**MEETING DATE:** February 5, 2025

**SUBJECT:** Health Services—Behavioral Health Reserve Fund Policy (Fund 270)

**RECOMMENDED MOTION:**

Move approval of the proposed Reserve Fund Policy for Fund 270, Oregon Health Plan-Behavioral Health Services.

**BACKGROUND AND POLICY IMPLICATIONS:**

This policy applies to all activities and financial operations regarding Fund 270—Oregon Health Plan-Behavioral Health Services Reserve Fund under the governance of the Board of County Commissioners.

Deschutes County Health Services (DCHS) aims to ensure the sustainability of required safety net services through sound financial management. The DCHS Behavioral Health (DCHS-BH) program will maintain a cash reserve to benefit both DCHS and Deschutes County.

- **Establishment of Reserve:** A cash reserve, the DCHS-BH Reserve (Fund 270), follows County Policy #F-14. These funds are restricted for DCHS-BH use and adhere to funding source regulations.
- **Reserve Target:** DCHS-BH will target maintaining a reserve of at least 90 days of operating expenses (roughly 25% of the operating budget). The reserve can exceed or fall below this target based on circumstances, with a minimum balance of 8.3% of the operating budget required.
- **Access to Reserve:** Access to the DCHS-BH Reserve requires approval from the DCHS-BH Deputy Director, Health Services Director, County Administrator, or Board of County Commissioners, in line with the budget approval process.
- **Purpose of Reserve:** The reserve is intended for unforeseen expenses, unbudgeted costs, or to address immediate funding shortfalls. It may also be used for one-time investments in capacity-building, such as staff development or infrastructure, with appropriate approvals.
- **Collaboration on Budgeting:** DCHS will work with the County Budget Officer and Chief Financial Officer each budget cycle to determine the reserve level and when funds may be transferred between the operating account and reserve.

- **Interest Utilization:** Interest earned on the reserve will be prioritized for one-time expenditures that enhance DCHS-BH services, address funding gaps, fulfill local match requirements, or other eligible uses.
- **Reserve Fund Requirement:** There is no formal requirement for DCHS to establish or maintain a Reserve Fund.

**BUDGET IMPACTS:**

The Health Services Director will work with the Board of County Commissioners, County Budget Officer, and Chief Financial Officer to establish appropriate operating expenditures within Fund 274 (DCHS Operating Fund) and cash on hand (Fund 270).

**ATTENDANCE:**

Janice Garceau, Health Services Director

Cheryl Smallman, Health Services Business Intelligence Officer